Political Violence, Terrorism, and Transformation to Democracy and Market Economy: Findings of the Bertelsmann Transformation Index 2006[1]

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Introduction

Since 2001, no other subject has influenced the political agenda more than political extremism and violence. The tragic events of 9/11 made it dramatically clear that civil strife and disrupted states represent not only a major humanitarian concern but also a significant threat to regional and global security. Recent events such as the London bombings in July 2005 suggest that the topic will be high on the political agenda for many years to come. Even under highly optimistic counterterrorism scenarios, terrorism is likely to remain a significant threat for several years to come.

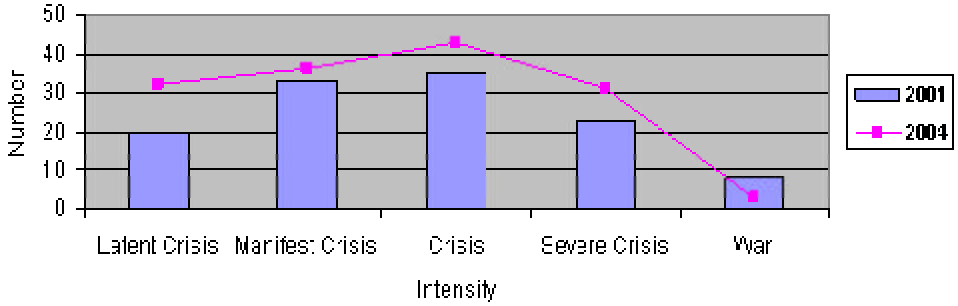
The recent focus on transnational, terrorism and religious extremism among policy-makers, the media, and many scholars in Western countries is understandable. However, it is important to note that the actual realities in many regions of the world vary greatly in the forms of political extremism that they face. These realities range from militant protest to open insurgency, and from nationalist separatism and resource wars, to government repression, electoral violence and violence in the gray zone between organized crime and politics. While much attention has been given to the menace of transnational religious terrorism, most of the violence experienced in the post-Cold War era was not due to the transnational terrorism that rudely awakened the OECD countries from their dream of a peaceful 'end of history.' Instead, it was connected to the proceedings in Chechnya, Palestine, Rwanda, Congo, Sudan, Columbia and other zones of permanent violence.[2]

In view of the current debates about military and non-military components of counter-terrorism, peace-building, post-conflict reconstruction, and stabilization in countries torn apart by civil strife and disrupted states, the Bertelsmann Transformation Index 2006 includes a special report on political extremism and violence in 119 countries. This report provides an overview on the results of this survey and the underlying country assessments which analyze each individual country in detail. The data of the BTI 2006 country surveys on political extremisms and violence have been supplemented by data from the *Heidelberg Institute on International Conflict Research (HIIK) Conflict Database* and the *RAND/MIPT Terrorism Knowledge Database.*

Global Patterns of Political Violence

According to data from HIIK, in 2004 there were 145 intrastate political conflicts in 78 countries. The breakdown of conflicts by level of intensity illustrates that a total of 34 conflicts were carried out with a massive amount of violence. Forty three conflicts were categorized as crisis, meaning violence was sporadic. In contrast there were 68 non-violent conflicts.

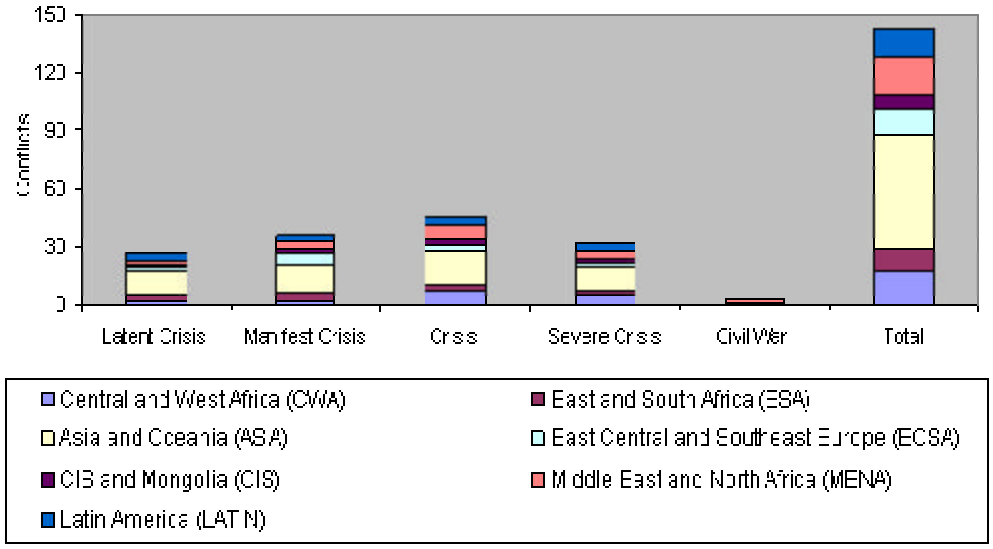
Figure 1: Global Patterns of Conflict



Note: The HIIK annual Conflict Barometer segregates five levels of conflict intensity. Latent conflicts (level 1) and manifest conflicts (level 2) are below the threshold of use of violence; a crisis (level 3) is a situation where at least on of the involved conflict parties uses violence in sporadic incidents; severe crises (level 4) are characterized by the repeated use of violence in an organized way, whereas in wars (level 5) violence is used continuously in an organized and systematic way and the extent of destruction is massive. Source: HIIK conflict database.

Concerning the general trends in violent conflict and terrorism in the 119 countries reviewed in the Bertelsmann Transformation Index, the data reveal two areas of deepening political violence since 2001: Asia and North Africa and the Middle East. Comparatively, the number of conflicts in East-Central and Southeast Europe has declined. In Latin America and Africa the frequency of conflicts has changed only slightly. Both in 2001 and 2004, the most sensitive area for violent conflict was Asia followed by the Near and Middle East and Central-West Africa, the later being the major conflict-zone around the globe in 2001.

Figure 2: Regional Patterns of Conflict in 2004



Source: HIIK conflict database.

The most violent conflicts in 2004 were to be found in Sudan, Iraq and the Congo. The explosion of communal violence and religious extremism in Iraq, the large-scale genocide in Darfur, the devastating civil wars in Congo, Nepal and Ivory Cost, civil unrest in Haiti, deepening violence in Thailand's southernmost provinces, mass casualty terrorism in Russia, and state-sponsored terrorism by the government of President Robert Mugabe in Zimbabwe were among the most worrisome trends in political violence and extremism in the years 2001-2004.

Table 1: Hotspots of Violence and Extremism (2004)

Intensity Level	Latent Conflict	Manifest Conflict	Crisis	Severe Crisis	Civil War
Iraq				?	?
Sudan				?	?
Congo					?
India	?	? ? ?	? ? ? ?	? ? ?	
Indonesia	? ? ?	?	?	? ? ?	
Columbia	?			? ? ?	
Somalia				? ?	
Burundi			? ? ?	?	
Philippines	?	?	?	?	
Russia		? ? ?		?	

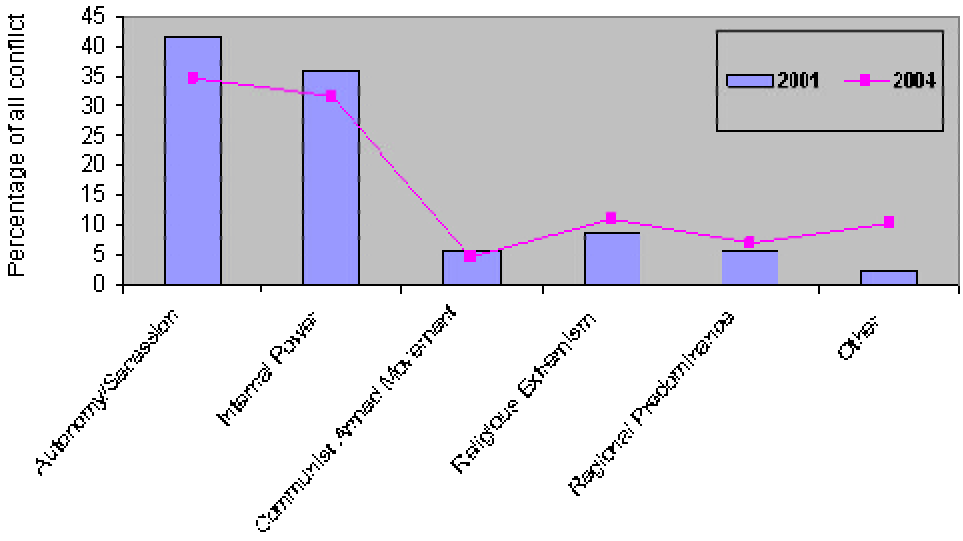
??? = Number of conflicts. *Source: HIIK conflict database.*

While these conflicts dominate contemporary headlines and suggest that the world has become less secure, the ebbs and flows in violent conflicts around the world also reveal some positive trends. In fact, compared to 2001, the global magnitude of extremely violent conflicts (war) has

actually declined.[3] Ethno-nationalist wars for independence, which were the main threat to security and development in the past decade, have been reduced. Repression and political discrimination against ethnic minorities, although still a part of daily life in many transformation countries, diminished in scope and intensity, particularly in Eastern Europe. Although the challenges are daunting and the risks of future high-casualty terrorist acts, genocide and political mass murder remain real, developments over the past four years in former civil war or genocide countries such as the Kosovo, Liberia, Sierra Leone, Bosnia and Cambodia, and conflicts in Aceh, Macedonia, Serbia & Montenegro, Guinea, and the Chad, document that peace-building and post-genocide reconstruction is making progress in some countries.

A closer inspection of conflict items during the review period of the BTI 2006 underlines the recent shifts and continuities in the global patterns of conflict. On the one hand, the frequency of autonomy and separatist conflicts, as well as those about access to government power has declined. On the other hand, the number of conflicts in which political extremists aim to create a religiously legitimized political order is increasing. Conflicts in which ethno-nationalist, economic and power-related interests are strongly mixed have also increased. Minority conflicts, although mostly non-violent, shape the patterns of conflict in Eastern Europe. In West and Central Africa, conflicts about access to political power and exploitation of economic resources overshadow other causes of conflict. Differences in *Weltanschauung* (worldview) are an exception and do not have a strong impact on the broader patterns of conflict in this region.

Figure 3: Global Pattern of conflict items, 2001-2004



Source: HIIK conflict database.

Violence employed by extremists in order to fulfill their ideological goals is also not a general feature of East and South Africa; however, some of the countries have a potential for political extremism. Existing rebel movements such as those in Angola and Ethiopia do not threaten the stability of the state systems. In Uganda, one of the region's hotbeds of civil war in the past, civil war between government troops and the vaguely Christian-fundamentalist Lord's Resistance Army (LRA) created a humanitarian disaster in the north. A number of rebel groups possess a capability to cause instability in the outer provinces; however, the government has effectively confronted these insurgencies through a mixture of forceful counterinsurgency strategies, negotiation and foreign diplomacy.[4] The stubborn policy of President Mugabe in Zimbabwe

increasingly resembles state terrorism against the opposition and the ethnic group of the Ndebele. Although it seems unlikely at this moment, future government repression in the long-term may cause counter-violence by some opposition groups.

Global Patterns of Terrorism

There is little agreement on the meaning of the term 'terrorism.' There are virtually hundreds of definitions of terrorism, and there is no consensus of opinion as to which is the most relevant one.[5] The two most common ways of defining terrorism—labeling as a particular non-state enemy by a government and the 'scientific approach' of defining terrorism by its method (indiscriminate or disproportionate use of violence against civilian targets)—are both unsatisfactory. While the first approach is entirely arbitrary and a matter of political intention and will, the second approach faces the problem that according to the criteria, some of what has been tolerated and sometimes celebrated in international society, such as the armed anti-Apartheid struggle by the ANC in the 1980s, falls in this category as well. Furthermore, guerillas waging revolutionary warfare often use terrorist tactics, even though the contemporary escalation of terrorism has mainly been utilized by non-state actors engaged in terrorism without guerrilla warfare.[6]

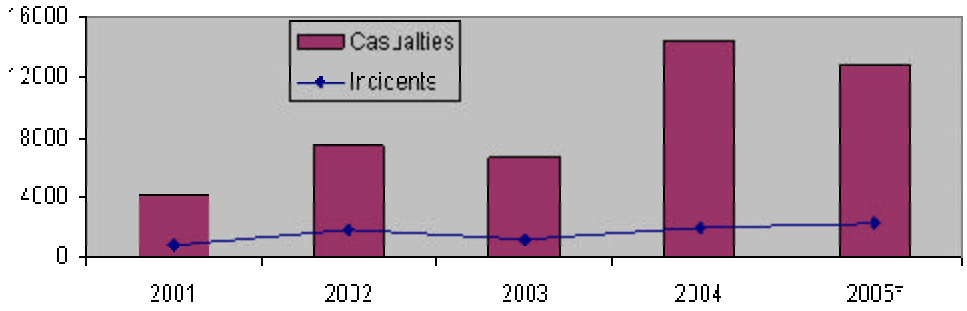
The events of September 11, 2001 have only added to the general confusion about the term and reinforced a tendency, particularly on the part of policy makers and the media, to use terrorism as an umbrella term for all sorts of violent activity—from criminal to punitive—as well as for various forms of political extremism and asymmetrical warfare.[7] In this analysis, the most standard definition of terrorism provided by Kaplan and Schulte is employed: "Terrorism is the use of violence or force, or the threat of such, directed upon innocents, civilians, or noncombatants, in order to achieve political objectives."[8] Of course, this definition implies nothing about whether an act of terrorism can be justified or not. It has its own conceptual issues, for example the fact that this definition automatically excludes open military actions or systematic repression up to mass-murder of its own people by a government.

As mentioned in the introduction, the GWOT is at the top of the agenda in several western countries, but in other parts of the world, this topic has been set aside, due to overwhelming internal issues. Furthermore, often the extremists and perpetrators of human rights violations are not to be found in society, but in the state and government. The cynical abuse of power by privileged elites, corruption and the scramble for resources by politicians, military leaders and business elites alike have fed and prolonged military conflicts, particularly in the conflict zones of Central Africa and Southeast Asia. In addition, arms-trade, drug production and trafficking, and the exploitation of gemstones, timber, oil, minerals or other natural resources have contributed to the onset, duration, and intensity of many violent conflicts, leading to a vicious circle of conflict and despair.

However, religious extremism and terrorism has deepened in South and Southeast Asia, and, particularly, in North Africa and Middle East (MENA). Since 9/11, the threat and targeting patterns of transnational terrorism such as Al Qaeda and its allies have broadened; out-of-area attacks of groups who have a local agenda but are loosely affiliated with Al Qaeda became more frequent.[9] Apparently, partly supported by international drivers such as the global rise of radical Islamism and the wars in Afghanistan and Iraq, some conflict-generated groups, for example in Chechnya and Algeria, which were originally local in nature, are linking up with organizations outside their immediate area of conflict. Although domestic terrorism is probably a more widespread phenomenon than international terrorism, a number of contemporary terrorist organizations now operate exclusively on an international scale. Many terrorist groups are now motivated by transnational or transcendental associations, which pushed them to circumvent limitations imposed by national boundaries in the 1980s and 1990s.[10]

The figures from RAND/MIPT database, the preferred source of quantitative data about terrorism for journalists, publicists, essayist and social scientists around the world, support these findings. Overall, the data indicate that for the 119 BTI countries terrorist activities have increased in recent years, both in respect to terrorist activity and intensity of attacks.

Figure 4: Trends in Terrorism in 119 countries (2001-2005*)

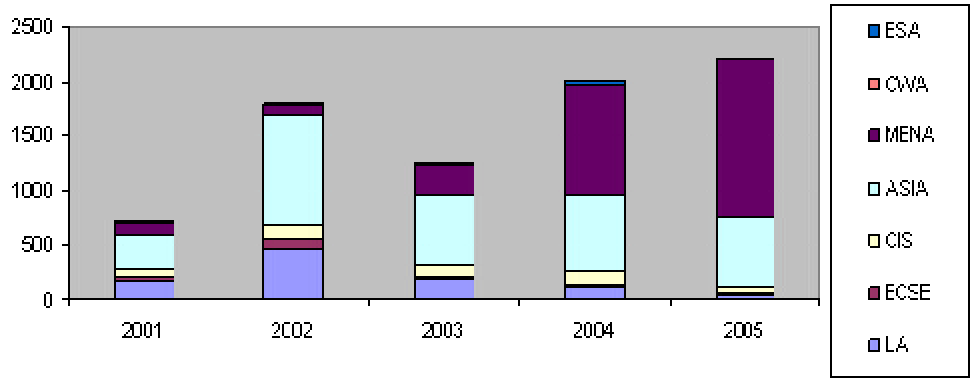


** January 1, 2001-August 31, 2005; casualties include injured and fatalities.*

The statistics from RAND/MIPT database count any incident as terrorist incident that confirm to the following definition of terrorism: Terrorism is violence, or the threat of violence, calculated to create an atmosphere of fear and alarm. These acts are designed to coerce others into actions they would not otherwise undertake, or refrain from actions they desired to take. All terrorist acts are crimes. Many would also be violation of the rules of war if a state of war existed. This violence or threat of violence is generally directed against civilian targets. The motives of all terrorists are political, and terrorist actions are generally carried out in a way that will achieve maximum publicity. Unlike other criminal acts, terrorists often claim credit for their acts. Finally, terrorist acts are intended to produce effects beyond the immediate physical damage of the cause, having long-term psychological repercussions on a particular target audience. The fear created by terrorists may be intended to cause people to exaggerate the strengths of the terrorist and the importance of the cause, to provoke governmental overreaction, to discourage dissent, or simply to intimidate and thereby enforce compliance with their demands. For further clarification of the nature of the incidents included in the statistics, RAND and MIPT have formed a committee that oversees, provides guidance and determines criteria for including or not including incidents.

A geographical breakdown of the RAND/MIPT data reveals three zones of contemporary terrorism: Middle East and North Africa (MENA), South- and Southeast Asia and CIS. Further analysis of the data reveals that a core group of states can be singled out as the world's main countries of concern: Russia and Chechnya; Colombia; Iraq; and the two conflict triangles India-Kashmir-Pakistan and Thailand-Philippines-Indonesia. During the period January 2001 to September 2005, 81.4 percent of all terrorist incidences reported for the 119 countries surveyed in the BTI 2006 were observed in these states and contested territories. With the exception of Thailand and Iraq, where insurgency and non-state terrorism are recent developments, these areas were already global hotbeds of terrorism in the BTI 2003.

Figure 5: Regional Patterns of Terrorism (2001-2005, Incidents)



Source: RAND/MIPT Terrorism Knowledge Base, accessed September 9, 2005.

Religious, transnational terrorism bears little relevance for Latin America, East Central Europe and the African sub-regions. Although attempts by various persons and groups allegedly affiliated with Al Qaeda have effectively established a 'forward' presence of the group's network in various areas, and terrorist groups seem to have a presence in parts of South America and East Africa, this so-called 'new terrorism'[11] bears little relevance for virulent violence in Latin America, East Central Europe and the African sub-regions. For example, in West and Central Africa, Islamist fundamentalism is only a significant political challenge so far in Nigeria and Niger. In most cases, terrorism rather is an import from North Africa than a genuinely local phenomenon. Although some warlords, such as Charles Taylor, are allegedly involved in Al Qaeda's network of terrorist finance, violent religious extremism is a part of daily life only in Somalia. Warlords along the Horn of Africa, however, do not aim to fulfill vague ideologies or religious fantasies, but want to control territories and take-over political power first and foremost for economic reasons. The bulk of militant Islamist terrorist organizations in East Africa have originated in the area and operate with local agendas, often pursuing local, ethnic or clan-based objectives.[12]

For South-, Southeast and Central Asia and parts of Russia (Chechnya), the ideological spectrum of organizations involved in conflict-related terrorism suggests a continuum from secular nationalists to transnational religious fundamentalists, such as the radical Islamic organizations which adopt Islam as their way of life but do not emphasize nationalism as their ideologies.[13]

While Al Qaeda and its loose confederation of affiliates have successfully connected with local struggles in the Philippines, Indonesia, Pakistan, Afghanistan, Saudi Arabia, Yemen, Algeria, Morocco and Iraq, it is important to note that the genesis of current terrorist movements in Asia and CIS has been internal in most cases; often extremism predates the seminal events of 9/11 and is very much mixed with ethno-religious separatism. A prime example of this is Southeast Asia: Only a small segment of extremists in the region can be characterized as transnational terrorists. Many of the myriads of groups belong to the more traditional type of conflict-related or conflict-generated terrorism, that is, militant groups which were created in the course of an armed conflict.[14] Groups of this type are most closely related to ongoing armed conflict and often employ various methods of violence. In most cases such groups should be labeled as "organizations involved in terrorist activities" rather than "terrorist organizations."[15] An even smaller segment of the extremist groups involved in political violence and terrorism belongs to the more recent and still highly contested phenomenon, embodied above all in the 9/11 events of the religious-extremist, transnational and highly lethal "global mass-casualty terrorism."[16]

However, many of the conflicts in Asia and MENA, which began as nationalist insurgencies, have directly or indirectly contributed to the rise of terrorist groups in recent years in two ways. First, some Islamist terrorist organizations evolved out of an on going armed conflict. Secondly, and more frequently, the shifting kaleidoscope of conflicts and their socioeconomic and political

consequences create the 'enabling environment' for local and transnational terrorist groups to grow. In fact, in several countries, terrorist groups are entrenched in a network of decades-old insurgencies and organized crime and have learned to take advantage of the region's porous borders and large unregulated areas to rely on smuggling of people, arms, drugs and other forms of illicit crime. Furthermore, weak state institutions, ineffective law enforcement agencies, rudimentary rule of law and high levels of corruption within public administrations in many areas in South-, Southeast Asia, Central Asia, Africa and even in Latin America create the ideal operational environment for terrorists to conduct 'soft' actions such as training, raising and transferring funds for specific operations and money laundering.[17]

The Impact of Political Violence and Extremism on Democratization and Development

Few would dissent from what John Keane in a recently published essay on democracy and violence has stated: political violence "is the greatest enemy of democracy as we know it. Violence is anathema to its spirit and substance."[18] Political extremism and armed conflict, fragile states and crumbling societies constitute severe obstacles for democratization and sustainable development. Transitions to democracy in post-conflict and violence-torn societies occur under extremely obstructive political, social and economic conditions. There are scores of refugees and internally displaced persons. State institutions are moribund, and political power is concentrated in the hands of military leaders and entrepreneurs of violence. Challenges of securing law and order and providing security are unsolved and the warring parties must be disarmed, their troops demobilized and reintegrated into civil society; the former combatants must be reconciled, while antidemocratic ideologies remain prevalent. Transitional regimes and newly elected democratic governments in post-conflict societies often must operate in an environment of hostile political factions that requires the most skillful political management and leadership. Typically, peace agreements in civil-war countries are the result of a hurting stalemate between the warring parties rather than the consequence of a successful elite settlement. As a result, peace elections in post-conflict societies are dramatic events, and the stakes are higher than in founding elections in other young democracies.[19]

Most post-conflict societies have neither democratic experiences nor traditions of constitutionalism and civil society from which efforts of post-conflict peace-building could benefit. Instead, democratic institutions must operate within a culture of violence and intolerance. Particularly in post-genocide countries such as Bosnia, Cambodia and Rwanda, the deliberate deepening of social conflicts by the autocratic rulers left traditional patterns of internal conflict resolution shattered and the sources of social capital drained.[20]

Concerning economic development, empirical studies show that the reconstruction of civil strife-torn economies requires an extensive amount of time. In the past, most economies rarely recovered within the first decade following a civil war.[21] Markets do not function properly, macroeconomics are unstable, and investments in development are impossible as long as civil war, organized crime or international drug-trafficking are undermining a society's political stability. Whereas most economic and social resources needed for reconstruction are absent, societies suffer from the legacies of war destruction, a genocide trauma, social anomy and from vast poverty and underdevelopment. A weak state and rule of law complicate efforts to spur economic stabilization, while state capacity building is retarded by the politicization and underdevelopment of the bureaucracy and security apparatuses that are bloated far beyond national security needs. The experiences of war-torn countries such as Bosnia and Cambodia demonstrate that they do not have the ability to develop sustainable growth without extensive international assistance. In such contexts, development policy can achieve its desired effects only if its efforts are flanked by measures designed to increase these countries' political stability and security. Extensive international aid, however, may create an extreme type of rent-seeking economy, in which the accumulation of external rents and its transformation into local rents becomes the most attractive form of economic activity.[22]

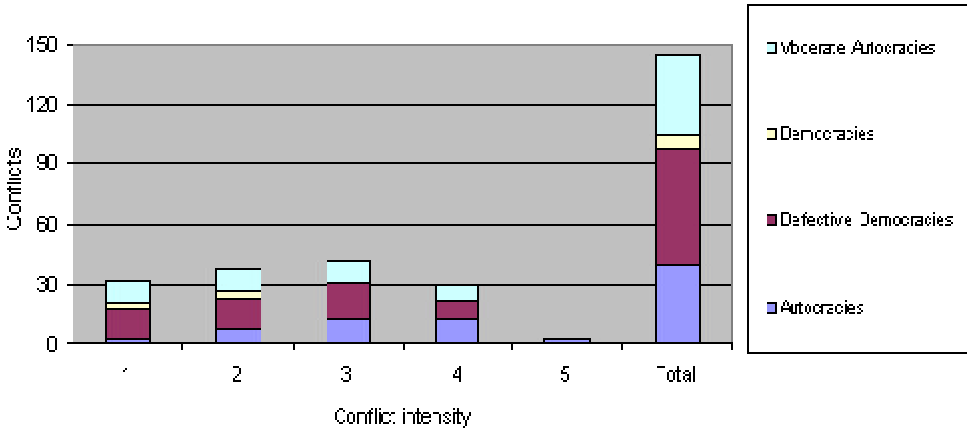
The Impact of Democratization and Development on Political Extremism and Violence

This said countries torn apart by collective violence, political extremism and moribund state systems are the most unlikely candidates for viable democracy and sustainable development. The consequences of democratization and economic reforms for political extremism and violence are less apparent, however. In fact, recent research challenges the idea that democratization will bring an end to internal violent conflict. Many quantitative studies reveal that the transition from authoritarianism to democracy bears an enormous potential for the sudden eruption of violent political conflicts. In fact, intrastate bloodletting increased dramatically in many contemporary states immediately after authoritarian regimes liberalized.[23]

Furthermore, there is strong empirical evidence that it is only the fully and deeply institutionalized forms of liberal democracy that have a special disposition to peace, whereas political regimes on an intermediate level of democracy "are far more likely than autocracies or democracies to be challenged by armed conflict, and are less likely to be able either to repress or settle it."[24] Henderson and Singer, Ellingsen and Hegre et al.[25] show that intermediate regimes "are most prone to civil war, even when they have had time to stabilize from a regime change. … Compared to well-established democracies or autocracies, intermediate regimes have a higher hazard of civil war, as do regimes just emerging from a political transition."[26] Similarly, Jack Snyder, Martha Reynal-Querol, and Demet Mousseau conclude, that political transition either from or towards authoritarianism has a high probability of deepening political extremism and violence.[27]

The findings of the BTI 2006 report support the assumption that intermediate political regimes are particularly prone for intrastate armed conflict. Combined, moderate autocracies and defective democracies account for 98 of the 145 conflicts in the 119 BTI countries. The likelihood of conflicts occurring in defective democracies is more than three and a half times greater than in fully institutionalized democracies. All intermediary regimes combined have a 20 percent higher chance for intrastate conflict than autocracies. However, armed conflicts in autocracies seem to be more violent than in other regime types. While there was not a single high-intensity conflict in developed democracies, autocracies account for 16 of the 33 high-intensity conflicts.

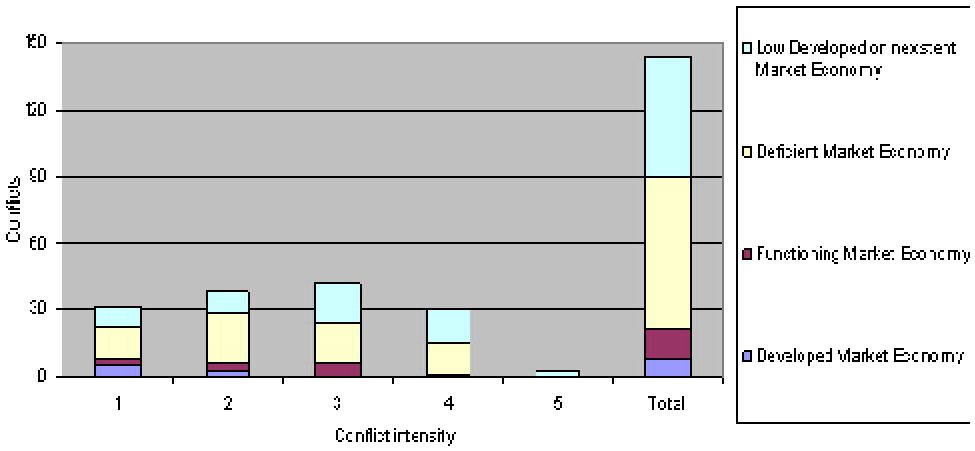
Figure 6: Status of Political Transformation and Conflicts



Even stronger is the correlation between level of economic transformation and conflict. In 2004, 21 or 14.4 percent of all conflicts and only seven (8.9 percent) of all violent conflicts occurred in developed or functioning market economies; not a single armed conflict occurred in a country with a developed market economy. In 2004, the likelihood of conflicts occurring in deficient market-

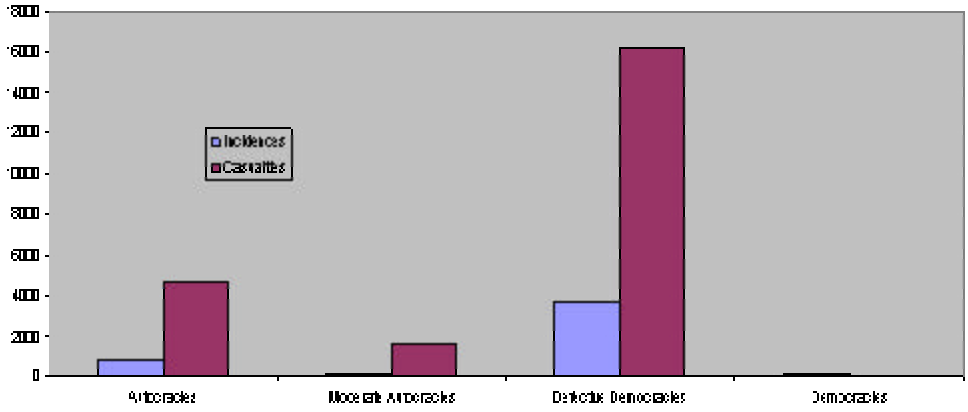
economies was more than two times higher than in developed economies, and more than one and a half time higher than in low or rudimentarily developed market economies. In addition, armed conflicts are the more likely the lower the level of market-economic transformation.

Figure 7: Status of Economic Transformation and Conflicts



The general argument concerning the higher vulnerability of transitional regimes and polities on an intermediate level of democracy to some extent holds true with reference to terrorism. Comparing the BTI data on transformation to democracy and the RAND/MIPT terrorism data reveals that defective democracies by far are the most terrorism-prone in the world: countries in some intermediate range of democracy index are shown to be more prone to terrorism than countries with a high democracy status or countries with highly authoritarian regimes.

Figure 8: Status of Political Transformation and Terrorism (2001-2005, without Iraq)



Causes of Political Violence

The BTI 2006 survey shows that collective violence and political extremism are not caused by any single factor. Rather, our findings support the conclusion that in most cases violence and extremism is the result of a country-specific combination of several contentious religious, cultural, economic and political factors.

It is a widely held belief that poverty and economic deprivation are main causes for political violence in many countries in the world, particularly where they overlap with ethnic cleavages. However, the role of grievance as a driver of political violence is subject to controversial debates in conflict studies. The findings of the BTI 2006 and other current studies demonstrate that perceived grievance motivation—particularly social inequality—actually influence violence levels. However, political violence and extremism such as terrorism are never a mere extension of poverty or underdevelopment. Many societies are both poor and backward but do not give rise to terrorism or other forms of political violence. Rather, terrorism grows in societies dramatically affected by unbalanced or failed socio-economic and incomplete political modernization. Thus the roots of terrorism and other forms of political violence are always socio-economic rather than purely economic.[28] The likelihood that grievances induced by social inequality and economic deprivation will lead to violent political protests is also mitigated by other factors such as: a low degree of trust in political authorities combined with a high degree of belief that the use of violence by dissident groups in the past has helped their course; semi-repressive political structures in intermediate political regimes; defects of the democratic order such as low accountability and shallow patterns of political representation; and 'state weakness.'[29]

Furthermore, ethnic heterogeneity and conflict between ethnic groups is often viewed as another primary source for political extremism and violence, particularly during processes of political transition and in new democracies.[30] In fact, Ted Gurr, Jack Snyder and others have argued that political liberalization may provide political incentives for ethno-nationalist political entrepreneurs to engage in political tactics such as ethnic outbidding and utilizing democratic procedures for establishing an "ethnic democracy" in which the majority suppresses the minority population.[31] Similarly, Heller states that political opening in ethnically heterogenic societies "has often produced a vicious cycle in which the ineffectiveness of formal democracy procedures increased social tensions, which in turn trigger autocratic political responses and 'movements of rage.'"[32] This, in turn, may create an *ethnic security dilemma*, in which competition between ethnic groups for control of the government in order to increase on group's security tend to leave all ethnic groups worse off.

However, the results of the BTI 2006 and other empirical studies do not support the view, that ethnicity per se is a cause for political violence. Rather, the findings of our survey are inconclusive. The scope of political violence in ethnically divided societies ranges from relatively peaceful coexistence to outright civil war. The country reports of the BTI 2006 strongly indicate that ethnicity is a primary source for political mobilization which political entrepreneurs exploit for their struggle for political or economic power within the boundaries of the post-colonial state rather than a root cause of organized violence. For example, the rejection of citizenship for first- and second-generation immigrants in Côte d'Ivoire may well be characterized as instrumental ethno-nationalist extremism. The conflict between Hutu and Tutsi in Burundi und Rwanda with its extension into Eastern Congo belongs to a similar category. In countries such as the Congo, resource-richness often becomes a curse, because as a source of grievance it causes conflicts; simultaneously, it is also a source of finance for the warring parties often prolonging conflict. Resources most frequently linked to civil conflict in this and other world regions are diamonds and other gemstones, oil and natural gas, timber and illicit drugs.[33] In the terminology of Collier and Hoeffler[34], in these cases, greed and economic viability have stronger explanatory power than grievance. In addition, in some conflicts such as the genocide in Rwanda, economic viability combines with factors of environmental scarcity which produce collective property conflicts between ethnic groups within one state.[35]

It thus appears that political violence is not a function of socio-economic deprivation or inexplicable and fixed primordial elements, but a combination of various factors. Following this assumption, it is particularly important whether political institutions have been sufficiently adapted to the ethnic diversity of the population.[36] Regarding the institutional capability of a political system for consensus-building and conflict management, three basic institutional aspects are

relevant: the nature of the executive; the type of electoral system; and the distribution of power between central government and subunits.

Concerning the nature of the executive, the argument is that presidential systems, especially in emerging democracies, have a detrimental effect on the inclusiveness of political systems. This is particularly true in countries, where presidential government is combined with majoritarian political institutions which nurture the transformation of political conflict into political violence. On the other hand, ethnic rebellion is remarkably lower among parliamentary regimes than among (semi-)presidential systems. Furthermore, the results of Alonso and Ruiz, for example, show that the more fragmented the party system, the higher the chances for the ethnic minority opposition to influence decision-making. Therefore, they conclude that effective parliamentary representation is the institutional key to prevent ethnic minority rebellions.[37]

The issue of effective representation of minorities concerns the second institutional aspect of conflict management, the introduction of an electoral system which provides a high degree of political inclusiveness and incentives for political parties to form political coalitions across ethnic, regional or other social or economic cleavages. In this context, many empirical studies prove that the electoral system is the most relevant institutional variable for nurturing or preventing ethnic violence in multiethnic societies. While proportional representation (PR) electoral formulas have a lower probability of group rebellion, ethnic conflict is more likely in political systems utilizing majoritarian electoral formulas.[38] Already in 1965, historian and political scientist W. A. Lewis has characterized the relationship between plurality systems and ethnic conflict as follows: “the surest way to kill the idea of democracy in a plural society is to adopt the Anglo-American electoral system of first-past-the-post.”[39]

Third, Federalism that performs the special function of granting autonomy to ethnic minorities certainly is a political structure that accommodates ethnic conflicts. However, territorial federalism (in contrast to non-territorial or “cultural” federalism) is associated with decentralized government. In weak states, decentralization or even regional autonomy may aggravate problems of governance, particularly if it provides opportunities for institutional gridlocks and utilization of state revenues by local elites for purposes of political patronage. It may increase grievances borne of inconsistencies in the distribution of natural resources and revenues between provinces or regions. If the political boundaries of federal states are drawn so as to approximate the social boundaries, ethnic heterogeneity in the federation’s population is transformed into a high degree of homogeneity at the level of the component units. However, this may increase the risk of emerging territorially recognized political fiefdoms of leaders of ethnic groups, and a further alienation between ethnic groups.[40] Therefore, territorial federalism is a double-edged sword. On the one hand, ethnic *rebellion* and minority violence is significantly less likely in federal systems than in unitary systems.[41] On the other hand, the institutional make-up of a certain type of federalism matters; under some circumstances, federalism may negatively impact other aspects of political and economic transformation.

Overall, however, empirical evidence suggests that parliamentary systems and PR electoral systems plus federalism (where appropriate) are better suited for the political management of deep rooted conflicts in ethnically or otherwise deeply divided societies than other institutional settings, particularly than majoritarian institutions such as unitary state, unicameral parliaments, plurality systems, and weak constitutional constraints on executive power, which provide little incentives for power sharing. In a nutshell, establishing consensus-oriented forms of democracy offer better institutional solutions for the problems of conflict and violence in plural societies than Westminster-style, majoritarian democracy which is not only ‘undemocratic’ in tendency, but also outright destabilizing. Minorities might feel permanently excluded from politics and therefore may withdraw their support for the democratic system. Because of its tendency to exclude minorities, this type of democracy is acceptable under two conditions only:[42] the status of the minority is not permanent; and the division between majority and minority does not lead to social and political polarization. However, new democracies rarely meet both conditions.

Furthermore, state weakness often is an additional enabler for political violence and extremism in conflict-prone countries. It is as much a consequences as an incubator of political violence and extremism. However, state weakness, spans a wide variety of forms, reaching from porous and ill-defined boundaries, weak central governments, ineffective security services and rule of law to the extreme case of state disintegration where central authority has completely collapsed. In addition, weak states offer external or transnational terrorist networks opportunities for relocation, sanctuary and transshipment of arms and people. Because of mutual ecologies, organized crime, guerrilla wars and terrorism are often intertwined and related in complex and diverse ways. "Global organized crime, which increasingly links local actors with their transnational counterparts, coupled with chronic warfare and insurgency (which yields economic benefits to some of its participants) can propel local or regional conflicts into genocidal humanitarian disasters"[43] and "chronic ungoverned badlands."[44] Synthetic nation-states that manifest dictatorial oppression, religious conflict, periodic wars and periodically changing borders are especially attractive to terrorists and the seedbeds of transnational terrorism.[45]

Combating Political Extremism and Democracy

This last point turns us back to the issue of terrorism, which is at the top of the agenda in Western countries. Although a detailed engagement with the debate over the relationship between terrorism, counterterrorism and democracy is beyond the BTI 2006 survey, the experiences with terrorism in many of the countries surveyed suggest that terrorism is confronting liberal democracies with a threefold challenge.

Firstly, the normative challenge: terrorism constitutes a fundamental violation of the normative core principles of liberal democracy. In liberal democracies, consensus is the fruit of political bargaining based upon a give-and-take process between ethnic, political, religious, cultural and linguistic groups, which recognize the relativity of the truth and need to balance various interests. For terrorists, particularly religious extremists, however the Truth is one of eternal, an either-or affair, anchored in a demand for everything now.[46]

Secondly, liberal democracies are facing the challenge of democratic self-constraint. Commitment to upholding individual human rights is inextricably linked to the principles of democracy and the rule of law; democracies must combat terrorism while remaining true of the liberal founding vision of a democratic constitutional order. This said, some effective counterterrorism measures constitute unacceptable violations of individual rights, civil liberties, and the principle of limited rule.[47] Others are permissible, but bear enormous threats to the quality of democracy if not utilized in a restrictive manner and subject of judicial review. Whereas evidence of combating terrorism in Europe and Japan in the 1960s to 1980s suggests that fully established liberal democracies are impressively successful in containing political extremism, and in limiting its political damage,[48] terrorism in young, not yet firmly consolidated democracies can be pivotal in undermining the political regime by aggravating strains and weakening fault lines.[49] In several countries in the past, both terrorist violence and state repression leaves two basic purposes of the state unfulfilled: security and integration. Citizen confidence declined as a consequence, whereas democratic instability increased, as Jennifer Holmes study on terrorism and democratic stability in Uruguay, Peru and Spain suggests.[50]

Thirdly, democracies must avoid unintended negative side-effects of counterterrorism. Because terrorists aim to legitimize their actions, governments when combating terrorism, must be concerned with both the legitimacy and effectiveness of their policies.[51] Efforts to deal with violent terrorists consisting of turning violence back onto them risk initiating a continuing tit-for-tat exchange which tends to take the conflict further away from peaceful settlement of differences, especially when the violence used against terrorists has innocent civilian victims.[52] The net effect of indiscriminate force and repression is to promote recruitment into terrorist organizations, particularly where terrorist organizations are affiliated with a particular ethnic or religious community. Therefore, the argument that combating terrorism requires using terrorist methods is

not only morally abhorrent but politically disastrous.[53] If democracies adopt responses to terrorism which are at odds with their basic values of human rights, democracy and the rule of law, they will not only lose the moral high ground, they will help to create new generations of extremists, filled with hatred of the government of the day and the democratic system per se.

To some extent democratic governments' emphasize on short-term reactive military measures in many countries is understandable. A long-term preventive strategy that emphasizes the need to address the root causes of conflict and terrorism may take decades to produce noticeable results. In the meantime, the scale and scope of the terrorist threat faced by many states today are such that this problem cannot wait so long to be solved and must be addressed as soon as possible. In addition, democratically elected governments face pressure from electoral cycles, the public and media, or, in less-developed countries, from lack of resources which prevent democratic authorities from prioritizing the long-term need to address the social, economic and political roots causes.[54] But for a viable solution to the problem of insurgency and terrorism in many countries a strategy that combines short-term measures focusing on stabilizing the security situation with a long-term approach that redresses the political, cultural, and economic root causes of the problem is needed.

Such a strategy must start with a broad recognition in government of the need to address the disaffection from which both militants and extremists are drawing strength. One crucial short-term measure is the strengthening of formal state institutions where state weakness provides an enabling environment for the rise of political extremists.[55] Long-term aspect should emphasize development, building economic institutions and political reforms. This is absolutely essential as a far-reaching way to address the root causes of the conflict that generate terrorism; but tying development directly to concrete anti-terrorist needs seems to be more problematic.

Conclusions

The United States, the European Union, Japan, the United Nations and international donor agencies have a great responsibility for and influence on shaping the course of political violence and extremism in many developing countries. They can utilize several policy tools to increase the opportunity costs both of repressive government policies and the violent pursuit of objectives by non-state actors, and they can provide some incentives for domestic parties to reach peaceful solutions to social conflict. However, the increasing number of violent conflicts in the world in the past years, the rising levels of political extremism in some world regions and various policy failures in the GWOT indicate that the learning curve of Western governments may be flat. While conflict prevention has become an increasingly central issue in foreign and security policy, Western governments and international agencies have not made significant progress in conflict prevention. Simultaneously, however, it appears that international actors have made greater advancement in managing post-conflict situations, especially when it comes to economic reconstruction. The experiences from such different cases like Bosnia, Kosovo, Macedonia, Cambodia, East Timor, Liberia, and Sierra Leone prove that while none of the countries is an overwhelming success of peace-building and democratization, post-conflict reconstruction and stabilization has achieved significant successes in all countries.

But the more ambitious cases of democratization and state-building under aegis of an international transitional authority, with varying degree of supervisory, executive, or administrative authority and effective international capacity, such as in Cambodia and East Timor, also point to some crucial limits for external engagement. Viewed from the perspective of sustainable democratic development, such an approach may create unintended negative side-effects. For example, international interim governments, such as the UN transitional authorities in Cambodia and East Timor, bear a double accountability: They are *de jure* accountable to the external principal organizing, controlling and financing its mission. In the case of an UN-led interim government, the UN Secretariat and the Security Council is the principal. *De facto*, however, the interim government also is accountable to the domestic elites and the people of the territory it is

ruling and for whom it has to construct a self-sustainable democratic system. Apparently, this may lead to tensions between both aspects of accountability which bear obstructive potential for democratization. For example, there is a trade-off between the short-term needs to provide security, establishing an effective administration, assisting in the development of civil and social services, and the long-term strategic objective of supporting capacity building and preparing a country for democratic self-rule.

The ultimate responsibility in conflict prevention and post-conflict reconstruction, however, is with domestic actors, particularly the political leadership. The historical experiences of some plural societies prove that it may be possible to mitigate conflict by inventing social and political institutions that help to accommodate the interests of different groups in a society. Whether social divisions transform into collective violence or not is a question of leadership quality and political management. Interethnic elite pacts, social segmentation and corporatism, consociational practices, parliamentary government, PR electoral systems, and federalism where appropriate are informal and formal institutional choices that may support the capability of political systems to prevent the outburst of political violence and extremism and to induce peaceful solutions to armed conflicts. Important is the combination of management skills, the political will of governments and non-state actors to seek a broader consensus in society, social institutions and political institutional arrangements.

One last point: we must keep in mind that often political violence and extremism is a consequence of a complicated manifestation of history, experience, ideology and animosities. For a variety of reasons discussed in previous sections, these factors coalesce to exacerbate tensions and produce a rebelling reaction at some point in time. Admittedly, national economic sclerosis; exploitative economic policies that have deprived indigenous populations of a large percentage of 'their' wealth; unequal patterns of development, blocked modernization and fragile political institutions; a moribund state system and the transnational contagion effects of civil strife and terrorism; the persistent demographic factors that can motivate political extremism[56]; and the global expansion of radical-fundamentalist religious beliefs constitute enormous challenges even for the most skillful political management and leadership. In many countries, tackling these issues and finding viable solutions to the problems of political violence and extremism may take decades. For successful transformation to consolidated democracy and sustainable economic development, however, it is a *condition sine qua non*..

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